

**James Madison to James K. Paulding, March 10, 1827. Transcription: The Writings of James Madison, ed. Gaillard Hunt. New York: G.P. Putnam's Sons, 1900-1910.**

**TO J. K. PAULDING. MAD. MSS.**

Montpr, Mar. 10, 1827

Dear Sir, I have recd. your favor of Feby. 28, and read the pamphlet under the same cover. It is a powerful and a piercing lesson on the subject which it exposes. I was not before aware of the abuses committed by the Law-makers or the law-breakers of your State. The picture you give of both, tho' intended for N. York alone, is a likeness in some degree of what has occurred elsewhere, and I wish it could be in the hands of the Legislators, or, still better, of their Constituents everywhere. Incorporated Companies with proper limitations and guards, may in particular cases, be useful; but they are at best a necessary evil only. Monopolies and perpetuities are objects of just abhorrence. The former are unjust to the existing, the latter usurpations on the rights of future generations. Is it not strange that the Law, which will not permit an individual to bequeath his property to the descendants of his own loins for more than a short and a strictly defined term, should authorize an associated few to entail perpetual and indefeasible appropriations; and that not only to objects visible and tangible, but to particular opinions, consisting, sometimes of the most metaphysical niceties; as is the case with Ecclesiastical Corporations.

With regard to Banks, they have taken too deep and wide a root in social transactions to be got rid of altogether, if that were desirable. In providing a convenient substitute, to a certain extent, for the metallic currency, and a fund of credit which prudence may turn to good account, they have a hold on public opinion, which alone would make it expedient to

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aim rather at the improvement than the suppression of them. As now generally constituted their advantages whatever they be, are outweighed by the excesses of

their paper emissions, and by the partialities and corruption with which they are administered.

What would be the operation of a Bank so modified that the Subscribers should be individually liable pro tanto and pro rata for its obligations, and that the Directors, with adequate salaries paid out of the profits of the Institution should be prohibited from holding any interest in or having any dealings whatever with, the Bank, and be bound moreover by the usual solemnity, to administer their trust with fidelity and impartiality? The idea of some such a modification occurred to me formerly, when the subject engaged more of my attention than it has latterly done. But there was then, as there probably is now, little prospect that such an innovation would be viewed with public favor if thought by better judges to have pretensions to it. . . .